BEFORE THE SECURITIES COMMISSIONER

STATE OF COLORADO

Order No.	<u>/3-</u>	<u> </u>
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STIPULATION FOR CONSENT ORDER

IN THE MATTER OF ALLIANCEBERNSTEIN L.P.

Respondent.

The staff of the Division of Securities ("Staff") and the Respondent, AllianceBernstein L.P. ("AB") hereby enter into this Stipulation for Consent Order in this matter as follows:

- 1. AB is a federally registered investment advisor noticed filed in Colorado, with a Central Registration Depository ("CRD") numbers of 108477.
- 2. In May 2012, AB submitted an application to the Staff for licensing Gabriel Fenton as an investment adviser representative in Colorado. Mr. Fenton resides in Colorado, holds FINRA Series 7 and 66 registrations, and until February 14, 2013, was employed by AB as a Financial Advisor ("FA") in its Denver, Colorado office. On May 16, 2012, the Staff sent a letter to AB requesting additional information concerning Mr. Fenton's application, and on June 20, 2012, a letter was sent to AB's affiliated broker-dealer Sanford C. Bernstein & Co., LLC regarding his securities sales representative license. The Staff did not receive a response to either letter. AB's application for Mr. Fenton's Colorado licensure was therefore pending but not approved during his employment at AB.
- 3. The Staff conducted examination of AB and its business activities pursuant to §11-51-409, C.R.S., at AB's offices located at 1225 17th St., Suite 2900, Denver, CO 80202 on December 10 and 11, 2012. The examination included a review of the licensing of AB's FAs and AB's supervisory system with respect to the licensing of FAs. Based upon the examination, Staff asserts that starting no later than September 2012, AB in error approved Mr. Fenton to act as a licensed FA in Colorado. From at least September 2012 through December 2012, client accounts were assigned and transferred to Mr. Fenton by AB for servicing. Mr. Fenton was identified as the Financial Advisor for such client accounts and would have been designated as the person for those advisory clients to contact for assessment and servicing of such clients' advisory needs. The accounts AB assigned to Mr. Fenton during the period above generated at least \$40,464.71 in fees to AB, while AB paid Mr. Fenton a "draw" as compensation for his services.
- 4. Pursuant to the examination, the Staff asserts that AB internally approved Gabriel Fenton to act as an investment adviser representative before he was licensed by Colorado in such capacity, and that in doing so, AB violated §11-41-401(2.5), C.R.S. AB's failure to either

- (A) establish an adequate system to monitor the licensing status of Mr. Fenton and ensure that he was licensed in the appropriate jurisdictions or (B) accurately implement that system constitutes a failure to enforce AB's established written procedures, all in violation of §11-51-410(1)(i), C.R.S.
- 5. AB and Mr. Fenton have cooperated with Staff by responding to inquiries, providing documentary evidence and other materials, and providing Staff with access to facts relating to the investigations.
- 6. AB has advised the Staff of its determination to resolve its examination pursuant to the terms specified in the Consent Order (the "Order").
- 7. AB agrees to review its supervisory system with respect to the licensing of FAs, to make changes as appropriate to improve the operation of that system, and to make certain payments in accordance with the terms of the Order.
- 8. Solely for the purpose of terminating the investigation by the Staff, and in settlement of the issues contained in this Stipulation, AB, without admitting or denying the findings of fact or conclusions of law contained in the Order, consents to the entry of the Consent Order.

The Staff and AB, desiring to resolve this matter without resort to formal litigation, stipulate and agree as follows:

- 1. AB admits the jurisdiction of the Division of Securities and the Securities Commissioner.
- 2. AB consents to entry of the Consent Order by the Securities Commissioner, which is incorporated herein by reference
- 3. By entering into this Stipulation, AB neither admits nor denies that any of the allegations or grounds asserted by the Staff and set forth in the Stipulation are true.
- 4. By entering into this Stipulation, AB has waived the right to a formal hearing pursuant to §11-51-606(1), C.R.S and §§24-4-104 and 105, C.R.S.; the right to be represented by counsel chosen and retained by it; the right to present a defense through oral or documentary evidence and to cross-examine witnesses at such hearing; and the right to seek judicial review of the terms, agreements and conditions in this Stipulation or the Consent Order as provided in §§11-51-607, C.R.S., and 24-4-106, C.R.S.
- 5. Nothing in this Stipulation or Consent Order shall preclude non-party Gabriel Fenton from applying for, or being approved for, an investment adviser representative license or securities sales representative license in Colorado at a future date.
- 6. AB states that no promise of any kind or nature whatsoever was made to it to

induce it to enter into this Order and that it has entered into this Order voluntarily.

Dated this $\frac{\sqrt{5}}{\sqrt{5}}$ day of March, 2013.

AllianceBernstein L.P.

By: M. Anderson

Title: Assisdard Secredary

Dated this day of March, 2013. Colorado Division of Securities

Deputy Securities Commissioner